

**GREAT MEADOWS
REGIONAL SCHOOL DISTRICT**

**Great Meadows Regional School District
Board of Education
Great Meadows, Warren County
New Jersey**

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2009**

Comprehensive Annual

Financial Report

of the

Great Meadows Regional School District

Board of Education

Great Meadows, New Jersey

For the Fiscal Year Ending June 30, 2009

Prepared by

Great Meadows Regional School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

PO Box 74
Great Meadows, New Jersey 07838

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Superintendent
Administrator

ELLEN WEISS
Administrative Assistant
SUPERINTENDENT'S OFFICE
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JULIE MUMAW
Business
Board Secretary

BUSINESS
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August 31, 2009

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Great Meadows Regional School District for the fiscal year ended June 30, 2009, is hereby submitted. Great Meadows Regional School District is a K-12 regional district, which became operational July 1, 1994. The constituent districts are Independence Township and Liberty Township. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Great Meadows Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic

information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Great Meadows Regional School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. Great Meadows Regional Board of Education and its three school buildings, Central School and Great Meadows Middle School located in Independence Township and Liberty School located in Liberty Township, constitute the District's reporting entity.

The District provided a full range of educational services appropriate to grade levels preschool disabled through 12. Liberty School housed one multiply disabled class, one part-time preschool disabled class and grades K-5; Central School housed grades K-5; Great Meadows Middle School housed a multiply disabled class and grades 6-8. All high school students from the District, grades 9-12, attended Hackettstown High School on a tuition basis. The District completed the 2007-08 fiscal year with a K-8 enrollment of **956** students (Central School housed 390, Liberty School housed 243, Great Meadows Middle School housed 323). This included a preschool disabled on roll enrollment of 5 students and a multiply disabled enrollment of 22 students. There was a grade 9-12 enrollment of **459** students, and an additional **18** students were sent out-of-district to special programs and **10** students attending the regional charter school for a total resident enrollment of **1,443** students.

The following details the changes in students on roll enrollment of the District, as well as in each school building, since the District became operational July 1, 1994:

	Average Daily Enrollment		
	<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change %</u>
Central School	2008-09	391.0	(0.001)
	2007-08	391.6	3.79
	2006-07	377.3	(1.10)
	2005-06	381.5	(3.07)
	2004-05	393.6	23.1 * 1
	2003-04	319.8	(7.6)
*1 Changed from K-4	2002-03	346.1	(5.8)

to K-5 2004-05	2001-02	367.4	0.55
	2000-01	365.4	(2.09)
	1999-00	373.2	(3.81)
	1998-99	388.0	(27.54) *2
*2 Changed from K-6 to K-4 1998-99	1997-98	535.5	1.00
	1996-97	530.2	(0.80)
Liberty School	2008-09	235.5	(0.02)
	2007-08	240.2	(11.66)
	2006-07	271.9	3.46
	2005-06	262.8	6.01
	2004-05	247.8	43.7 *3
	2003-04	208.0	(4.37)
*3 Changed from K-4 to K-5 2004-05	2002-03	217.5	3.57
	2001-02	210.0	1.06
	2000-01	207.8	(10.74)
	1999-00	232.8	(5.13)
	1998-99	245.4	(35.91) *4
*4 Changed from K-8 to K-4 1998-99	1997-98	382.9	0.95
	1996-97	379.3	2.46
Middle School	2008-09	324.7	.003
	2007-08	323.5	(9.18)
	2006-07	356.2	(0.78)
	2005-06	359.0	(0.91)
	2004-05	362.3	(29.3) *5
	2003-04	512.4	3.22
*5 Changed from gr. 5-8 to gr. 6-8 2004-05	2002-03	496.4	(0.16)
	2001-02	497.2	0.14
	2000-01	496.5	2.50
	1999-00	484.4	.90
	1998-99	480.1	- *6
*6 Middle School became operational September 14, 1998			
Total ADE	2008-09	951.2	(0.04)
	2007-08	955.3	(4.99)
	2006-07	1005.4	0.21
	2005-06	1003.3	(0.04)
	2004-05	1003.7	(3.5)
	2003-04	1040.2	(1.87)
	2002-03	1060.0	(1.36)
	2001-02	1074.6	0.46

2000-01	1069.7	(1.90)
1999-00	1090.4	(2.07)
1998-99	1113.5	21.24 *7
1997-98	918.4	0.98
1996-97	909.5	0.53

*7 With the opening of the new Middle School, 7th and 8th graders formerly sent out of district on a tuition basis returned to the on-roll status of the district.

2) ECONOMIC CONDITION AND OUTLOOK: The Townships of Independence and Liberty are contiguous and are located in the central portion of Warren County. Independence Township was incorporated in 1782 and consists of 20.1 square miles in area while Liberty Township was formed in 1926 and consists of 12.25 square miles in area. A feasibility study, sponsored by Liberty Township, has opened the discussion concerning dissolution of the regional.

The Townships, although primarily rural, have experienced moderate population growth over the past decade. The Townships continue to be bedroom communities with very few commercial and industrial ratables. The availability of land, a prime location, an appealing environment and an excellent school system all point to a continuing pattern of growth in the foreseeable future. The Highlands Legislation may affect building in the area.

3) MAJOR INITIATIVES: The school district is proud of its efforts over the past ten years of operation.

Goals for the future include:

- Maintenance of quality, cost effective educational programs in the presence of decreasing state aid.
- Continued improvement of student=s scores on the NJASK and GEPA tests.
- Continued commitment to the district technology program.
- Continuing to address facility problems due to aging buildings

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP.) The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2009.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7) DEBT ADMINISTRATION:

At June 30, 2009, the District's outstanding debt issue is \$ 7,665,000.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

9) **RISK MANAGEMENT**: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

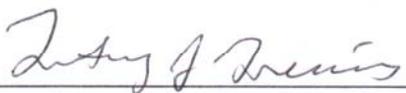
10) **OTHER INFORMATION**:

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP, Frenchtown, NJ, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) **ACKNOWLEDGMENTS**:

We would like to express our appreciation to the members of the Great Meadows Regional Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

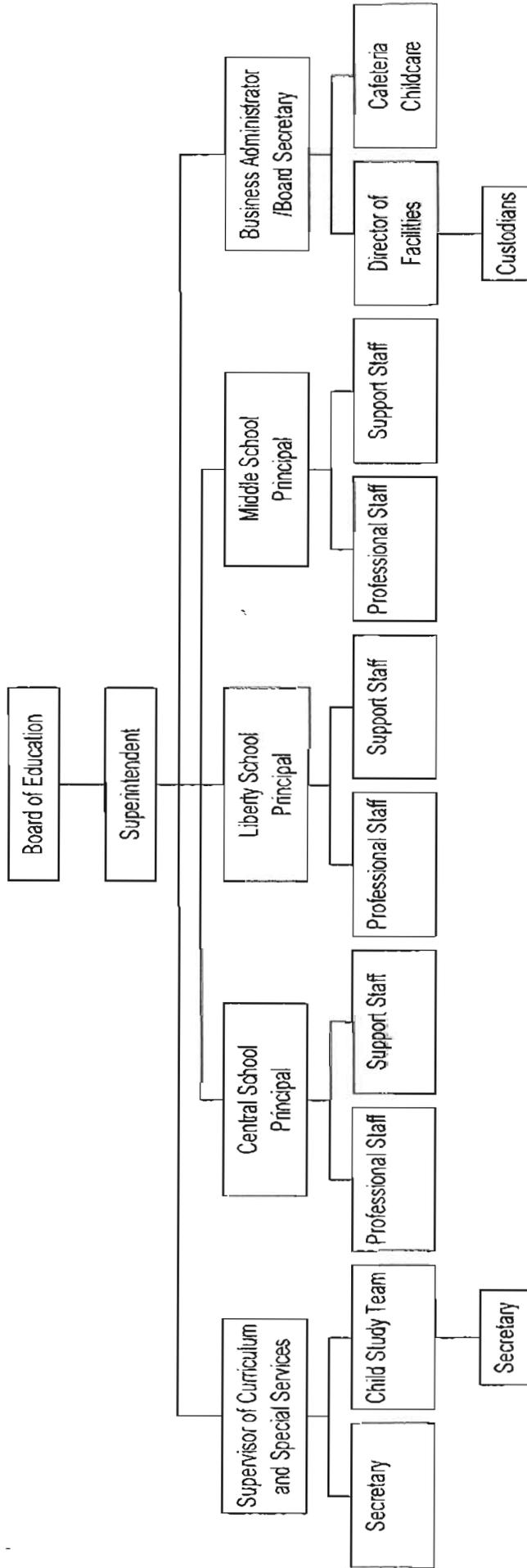


Dr. Timothy Fredricks, Ed. D
Interim Superintendent



Julie R. Mumaw
Board Secretary

GREAT MEADOWS REGIONAL



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2009

Members of the Board of Education

Term Expires

Jennifer Cassini, President	April 30, 2011
Joseph Mahal, Vice President	April 30, 2011
Joseph Mailloux	April 30, 2010
Matthew Mowatt	April 30, 2010
Jason Schaffer	April 30, 2012
Peggy Faulborn	April 30, 2010
William Vonder Haar	April 30, 2012
Edward O'Melia	April 30, 2011
Kim Schaffer	April 30, 2012

Other Officials

Jason Bing, Superintendent

Julie Mumaw, Board Secretary/School Business Administrator

Paula Hatch, Treasurer

Michael Selvaggi, Attorney

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ATTORNEY

Courter, Kolbert & Cohen
1001 Route 517
Hackettstown, New Jersey 07840

AUDIT FIRM

Ardito & Co., LLP
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192

FISCAL AGENT

Depository Trust
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New York, NY 10041

First Hope Bank
Route 519
Hope, New Jersey 07844

OFFICIAL DEPOSITORIES

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Hope, New Jersey 07844

Bank of America
Main Street
Hackettstown, New Jersey 07840

Financial Section

Independent Auditor's Report

ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENTAL ENTITY

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren
Great Meadows, New Jersey 07838

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Great Meadows Regional School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Great Meadows Regional School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the Great Meadows Regional School District Board of Education in the County of Warren, State of New Jersey, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2009, on our consideration of the Great Meadows Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 7.8, and 38 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Great Meadows Regional School District Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Licensed Public School Accountant No. 2369
ARDITO & CO., LLP

Date: August 31, 2009

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The discussion and analysis of Great Meadows Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- ◆ In total, net assets decreased \$524,764, which represents a 14.6 percent decrease from 2008. This was mainly due to the withholding of a second state aid payment in June 2009 of \$318,666. This anticipated revenue is excluded from the statement of net assets. The remaining decrease is due to a planned use of surplus to balance the 2008-2009 budget of \$467,358, however this impact of this amount was lessened due to expenditure savings in the appropriations budget.
- ◆ General revenues accounted for \$12,060,983 in revenue or 61.1 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,674,612 or 39.6 percent of total revenues of \$19,735,595.
- ◆ Total assets of governmental activities decreased by \$733,342 as cash and cash equivalents decreased by \$539,147, receivables increased by \$33,922 and capital assets decreased by \$340,484.
- ◆ The School District had \$20,260,359 in expenses; only \$7,674,612 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$12,060,983 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$18,588,943 in revenues and \$19,069,469 in expenditures. The General Fund's surplus balance decreased \$480,526 over 2008. This decrease was again mainly due to the withholding of state aid payments, which are not realized in the governmental fund GAAP basis statements until they are received.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Great Meadows Regional School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Great Meadows Regional School District, the General Fund is by far the most significant fund.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008.

Table 1
Net Assets

	<u>2009</u>	<u>2008</u>
Assets		
Current and Other Assets	\$ 1,238,923	\$ 1,672,117
Capital Assets	<u>9,874,455</u>	<u>10,174,603</u>
Total Assets	<u>11,113,378</u>	<u>11,846,720</u>
Liabilities		
Long-Term Liabilities	7,496,972	7,807,853
Other Liabilities	<u>542,989</u>	<u>440,686</u>
Total Liabilities	<u>8,039,961</u>	<u>8,248,539</u>
Net Assets		
Invested in Capital Assets, Net of Debt	2,209,455	2,274,603
Restricted	1,249,737	1,282,077
Unrestricted	<u>(385,775)</u>	<u>41,501</u>
Total Net Assets	<u>\$ 3,073,417</u>	<u>\$ 3,598,181</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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Total assets decreased \$733,342. Cash and cash equivalents decreased by \$539,147, receivables decreased by \$33,922 and capital assets decreased by \$340,484. The use of cash is due to the withholding of additional state aid payments of \$318,666 and the planned use of surplus to balance the 2008-2009 budget. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District decreased by \$498,384, again due to the above reasons.

Table 2 shows the changes in net assets from fiscal year 2008.

Table 2
Changes in Net Assets

	<u>2009</u>	<u>2008</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 180,157	\$ 190,703
Operating Grants and Contributions	7,494,455	8,102,099
General Revenues:		
Property Taxes	11,915,191	12,032,819
Grants and Entitlements	-	-
Other	<u>145,792</u>	<u>235,651</u>
Total Revenues	<u>19,735,595</u>	<u>20,561,272</u>
Program Expenses		
Instruction	7,141,594	7,206,067
Support Services:		
Pupils and Instructional Staff	8,931,633	8,450,428
General Administration, School Administration, Business	1,105,167	1,158,553
Operations and Maintenance of Facilities	1,231,186	1,261,993
Pupil Transportation	1,253,663	1,223,682
Business-Type Activities	228,484	243,387
Interest and Fiscal Charges	<u>368,632</u>	<u>429,688</u>
Total Expenses	<u>20,260,359</u>	<u>19,973,798</u>
Increase in Net Assets	<u>\$ (524,764)</u>	<u>\$ 587,474</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 60.4 percent of revenues for governmental activities for the Great Meadows Regional School District for the fiscal year 2009.

Instruction comprises 35.25 percent of district expenses. Support services expenses make up 61.8 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>	<u>Total Cost of Services 2008</u>	<u>Net Cost of Services 2008</u>
Instruction	\$ 7,141,594	\$ 4,416,749	\$ 7,206,067	\$ 4,099,656
Support Services:				
Pupils and Instructional Staff	8,931,633	5,656,063	8,450,428	5,127,817
General Admin., School Admin., Business	1,105,167	715,563	1,158,553	714,860
Operation and Maintenance of Facilities	1,231,186	797,157	1,261,993	778,685
Pupil Transportation	1,253,663	811,710	1,223,682	755,046
Business-Type Activities	228,484	(9,193)	243,387	(1,061)
Interest and Fiscal Charges	<u>368,632</u>	<u>197,698</u>	<u>429,688</u>	<u>205,993</u>
Total Expenses	<u>\$ 20,260,359</u>	<u>\$ 12,585,747</u>	<u>\$ 19,973,798</u>	<u>\$ 11,680,996</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and child care.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 61.8 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 63.7 percent. The community, as a whole, is the primary support for the Great Meadows Regional School District.

The School District's Funds

Information about the School District's major funds starts on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,497,918 and expenditures of \$19,979,526. The change in fund balance for the year was significant in the General Fund, a decrease of \$480,526. This was mainly due to the withholding of a second state aid payment in June 2009 of \$318,666. This anticipated revenue is excluded from the modified accrual fund statements. The remaining decrease is due to a planned use of surplus to balance the 2008-2009 budget of \$467,358, however this impact of this amount was lessened due to expenditure savings in the appropriations budget.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2009 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

Salary costs proved to be slightly lower than anticipated in the original budget due to unanticipated staff resignations as well as staff members being moved within programs accounted for lower salary costs in several accounts.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$18,066,377, \$6,552 over original budgeted estimates of \$18,059,825. This difference was due miscellaneous revenues, net of the state's PERS aid reduction of \$35,944.

General fund budget basis expenditures, excluding TPAF on-behalf amount, was \$18,226,744, \$287,439 under adjusted budget estimate of \$18,514,183. This difference was due primarily to expense savings on the tuition, transportation, and instructional supplies appropriations.

As such, the general fund revenues and other financing sources of the School District exceeded expenditures by approximately \$356,720, making the financial position of the School District strong.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Capital Assets

At the end of the fiscal year 2009, the School District had \$9,834,119 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2009 balances compared to 2008.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2009</u>	<u>2008</u>
Land	\$ 159,653	\$ 159,653
Land Improvements	44,513	78,818
Buildings and Improvements	9,384,251	9,573,350
Machinery and Equipment	<u>245,702</u>	<u>322,176</u>
Totals	<u>\$ 9,834,119</u>	<u>\$ 10,133,997</u>

Overall capital assets decreased \$299,878 from fiscal year 2008 to fiscal year 2009, due primarily to depreciation.

Major capital items totaling \$145,634 was purchased during fiscal year 2009

Debt Administration

At June 30, 2009, the School District had \$7,817,101 as outstanding debt. Of this amount \$152,101 is for compensated absences, and the balance \$7,665,000 for bonds for school construction.

At June 30, 2009, the School District's overall legal debt margin was \$32,991,708 and the unvoted debt margin was \$25,326,708.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

For the Future

The Great Meadows Regional School District is in very good financial condition presently. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased.

Great Meadows Regional School District did successfully pass the 2009-2010 school budget. The preceding school year had successfully passed. The steady decrease in state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. In the past, the District garnered local support of its budget for over 10 years. This problem seems to be statewide and is not exclusive to the Great Meadows Regional School District. Great Meadows Regional School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

During the budget process in the spring, it was a concern to the Administration and Board of Education how future budgets would be financed; therefore, for the next eight months, the Board and Administration will be conducting a program review of all costs centers in the District. These savings made throughout the school year are being made as a commitment by the Board and Administration to increase the unrestricted free balance available for emergencies.

In conclusion, the Great Meadows Regional School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Julie R. Mumaw, School Business Administrator/Board Secretary at Great Meadows Regional School District, P.O. Box 74, Great Meadows, NJ 07838.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

June 30, 2009

	GOVERNMENTAL BUSINESS-TYPE		TOTAL
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	
ASSETS			
Cash and Cash Equivalents	\$ 799,333	\$ 66,338	\$ 865,671
Receivables, Net	114,283	3,094	117,377
Inventory		4,693	4,693
Restricted Assets:			
Capital Reserve Account - Cash	251,182		251,182
Capital Assets, Net (Note 6):	9,834,119	40,336	9,874,455
Total Assets	<u>10,998,917</u>	<u>114,461</u>	<u>11,113,378</u>
LIABILITIES			
Accounts Payable	3,173		3,173
Deferred Revenue	66,383	3,017	69,400
Accrued Interest	150,287		150,287
Noncurrent Liabilities (Note 7):			
Due Within One Year	320,129		320,129
Due Beyond One Year	7,496,972		7,496,972
Total Liabilities	<u>8,036,944</u>	<u>3,017</u>	<u>8,039,961</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,169,119	40,336	2,209,455
Restricted for:			
Capital Reserve Account	251,182		251,182
Other Purposes	998,555		998,555
Unrestricted	(456,883)	71,108	(385,775)
Total Net Assets	<u>\$ 2,961,973</u>	<u>\$ 111,444</u>	<u>\$ 3,073,417</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES
Governmental Activities:							
Instruction:							
Regular	\$ 6,365,004		\$ 2,451,074		\$ (3,913,930)	\$ (3,913,930)	
Special Education	590,167		208,051		(382,116)	(382,116)	
Other Special Instruction	186,423		65,720		(120,703)	(120,703)	
Support Services:							
Tuition	7,412,871		2,613,255		(4,799,616)	(4,799,616)	
Student & Instruction Related Services	1,518,762		662,315		(856,447)	(856,447)	
School Administrative Services	511,007		180,145		(330,862)	(330,862)	
General and Business Admin. Services	594,160		209,459		(384,701)	(384,701)	
Plant Operations and Maintenance	1,231,186		434,029		(797,157)	(797,157)	
Pupil Transportation	1,253,663		441,953		(811,710)	(811,710)	
Interest on Long-Term Debt	332,991		170,934		(162,057)	(162,057)	
Unallocated Depreciation	35,641				(35,641)	(35,641)	
Total Governmental Activities	20,031,875		7,436,935		(12,594,940)	(12,594,940)	
Business-Type Activities:							
Food Service	228,484	\$ 180,913	57,520		\$ 9,949	9,949	
Child Care	-	(756)			(756)	(756)	
Total Business-Type Activities	228,484	180,157	57,520		9,193	9,193	
Total Primary Government	\$ 20,260,359	\$ 180,157	\$ 7,494,455		\$ (12,594,940)	\$ 9,193	\$ (12,585,747)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$ 11,514,907		\$ 11,514,907	
Taxes Levied for Debt Service				400,284		400,284	
Investment Earnings				14,868		14,868	
Miscellaneous Income				130,924		130,924	
Total General Revenues, Special Items, Extraordinary Items and Transfers				12,060,983		12,060,983	
Change in Net Assets				(533,957)	9,193	(524,764)	
Net Assets—Beginning (As Restated)				3,495,930	102,251	3,598,181	
Net Assets—Ending				\$ 2,961,973	\$ 111,444	\$ 3,073,417	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$1,047,998		\$2,517	\$1,050,515
Interfund Receivable	4,555			4,555
Receivables from Other Governments	43,345	\$70,938		114,283
TOTAL ASSETS	\$1,095,898	\$70,938	\$2,517	\$1,169,353
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	3,173			3,173
Interfund Payable		4,555		4,555
Deferred Revenue		66,383		66,383
Total Liabilities	3,173	70,938	-	74,111
Fund Balances:				
Reserved for:				
Capital Reserve Account	251,182			251,182
Encumbrances	111,114			111,114
Excess Surplus	223,761			223,761
Excess Surplus - Designated for Subsequent Year's Expenditures	672,277			672,277
Unreserved, Reported in:				
Debt Service Fund			2,517	2,517
General Fund - Designated for Subseq. Year's Expenditures	100,000			100,000
General Fund - Undesignated	(265,609)			(265,609)
Total Fund Balances	1,092,725		2,517	1,095,242
TOTAL LIABILITIES AND FUND BALANCE	\$1,095,898	\$70,938	\$2,517	\$1,169,353

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,531,629 and the accumulated depreciation is \$6,557,285.	\$9,834,119
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(150,287)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	<u>(7,817,101)</u>
Net assets of governmental activities	<u>\$2,961,973</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 11,514,907		\$ 400,284	\$ 11,915,191
Interest on Capital Reserve	2,340			2,340
Miscellaneous	139,825	\$ 3,627		143,452
Total - Local Sources	11,657,072	3,627	400,284	12,060,983
State Sources	6,931,871	2,153	170,934	7,104,958
Federal Sources		331,977		331,977
Total Revenues	18,588,943	337,757	571,218	19,497,918
EXPENDITURES				
Current:				
Regular Instruction	4,723,609	210,850		4,934,459
Special Education Instruction	494,767			494,767
Other Special Instruction	156,288			156,288
Support services and undistributed costs:				
Tuition	6,214,590			6,214,590
Student and Instruction Related Services	1,146,349	126,907		1,273,256
School Administrative Services	428,403			428,403
Other Administrative Services	498,115			498,115
Plant Operations and Maintenance	1,032,166			1,032,166
Pupil Transportation	1,051,010			1,051,010
Unallocated Benefits	3,064,377			3,064,377
Transfer to Charter School	114,161			114,161
Debt Service:				
Principal			235,000	235,000
Interest and Other Charges			337,300	337,300
Capital Outlay	145,634			145,634
Total Expenditures	19,069,469	337,757	572,300	19,979,526
Excess (Deficiency) of Revenues Over Expenditures	(480,526)	-	(1,082)	(481,608)
Net Change in Fund Balances	(480,526)	-	(1,082)	(481,608)
Fund Balance—July 1	1,573,251	-	3,599	1,576,850
Fund Balance—June 30	\$ 1,092,725	-	\$ 2,517	\$ 1,095,242

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (481,608)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (445,512)	
Capital Outlays	<u>145,634</u>	(299,878)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 235,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which the prior year's amount of interest accrual exceeds the current year's amount. 4,309

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 8,220

Change in Net Assets of Governmental Activities \$ (533,957)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS
PROPRIETARY FUNDS

June 30, 2009

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 66,338	\$ 66,338
Accounts Receivable	3,094	3,094
Inventories	4,693	4,693
Total Current Assets	74,125	74,125
Noncurrent Assets:		
Furniture, Machinery and Equipment	279,855	279,855
Less Accumulated Depreciation	(239,519)	(239,519)
Total Noncurrent Assets	40,336	40,336
Total Assets	114,461	114,461
LIABILITIES		
Current liabilities:		
Deferred Revenue	3,017	3,017
Total Current Liabilities	3,017	3,017
Total Liabilities	3,017	3,017
NET ASSETS		
Invested in Capital Assets Net of Related Debt	40,606	40,606
Unrestricted	70,838	70,838
Total Net Assets	\$ 111,444	\$ 111,444

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities -		
	Enterprise Fund		
	Food Service	Child Care Program	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 136,288		\$ 136,288
Daily Sales - Non-Reimbursable Programs	43,794		43,794
Miscellaneous	831	(756)	75
Total Operating Revenues	180,913	(756)	180,157
Operating Expenses:			
Cost of Sales	110,175		110,175
Salaries	82,627		82,627
Employee Benefits	19,669		19,669
Other Purchased Professional Services	15,743		15,743
Depreciation	270		270
Total Operating Expenses	228,484		228,484
Operating Income (Loss)	(47,571)	(756)	(48,327)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	3,368		3,368
Federal Sources:			
National School Lunch Program	40,934		40,934
Special Milk Program	1,445		1,445
Food Distribution Program	11,773		11,773
Total Nonoperating Revenues (Expenses)	57,520		57,520
Income (Loss)	9,949	(756)	9,193
Change in Net Assets	9,949	(756)	9,193
Total Net Assets—Beginning (As Restated)	101,495	\$ 756	102,251
Total Net Assets—Ending	\$ 111,444	-	\$ 111,444

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Food Service	Child Care Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 180,297		\$ 180,297
Payments to Employees	(82,627)		(82,627)
Payments for Employee Benefits	(19,669)		(19,669)
Payments to Suppliers	(115,902)		(115,902)
Net Cash Provided by (used for) Operating Activities	(37,901)	-	(37,901)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,567		1,567
Federal Sources	43,684		43,684
Operating Subsidies and Transfers to Other Funds		(756)	(756)
Net Cash Provided by (used for) Non-Capital Financing Activities	45,251	(756)	44,495
Net Increase (Decrease) in Cash and Cash Equivalents	7,350	(756)	6,594
Balances—Beginning of Year	58,988	\$ 756	59,744
Balances—End of Year	\$ 66,338	-	\$ 66,338
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (47,571)		\$ (47,571)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	270		270
Federal Commodities	11,773		11,773
(Increase) Decrease in Accounts Receivable, Net			
(Increase) Decrease in Inventories	(260)		(260)
Increase (Decrease) in Accounts Payable	(2,113)		(2,113)
Total Adjustments	9,670		9,670
Net Cash Provided by (used for) Operating Activities	\$ (37,901)		\$ (37,901)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2009

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 21,176
Total Assets	<u>\$ 21,176</u>
LIABILITIES	
Payroll Deductions and Withholding	\$ 7,064
Payable to Student Groups	14,112
Total Liabilities	<u>\$ 21,176</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

Notes to Financial Statements

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Great Meadows Regional School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2008.

A. Reporting Entity:

The Great Meadows Regional School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Great Meadows Regional School District had an approximate enrollment at June 30, 2009, of 961 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Debt Service Fund The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and Payroll Agency Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

D. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Assets, Liabilities and Equity:**

Cash and Cash Equivalents:

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave with the District's personnel policies. Upon termination, employees are paid accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The Board has no policy regarding custodial risk for deposits.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2009, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2009, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$865,671	\$21,176	\$886,847
Checking Accounts-Capital Reserve	251,182		251,182
	<u>\$1,116,853</u>	<u>\$21,176</u>	<u>\$1,138,029</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2009, was \$1,138,029 and the bank balance was \$1,313,500. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$186,475 was covered by federal depository insurances and \$1,127,025 was covered by collateral pool.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3: RECEIVABLES

Receivables at June 30, 2009, consisted of accounts (child care and transportation), and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 24,043	\$ 24,271
Federal Aid	70,238	73,104
Tuition	20,002	20,002
	-	-
Gross Receivable	<u>114,283</u>	<u>117,377</u>
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u>\$ 114,283</u>	<u>\$ 117,377</u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2009, consisted of the following:

Food	<u>\$4,693</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 159,653			\$ 159,653
Total Capital Assets Not Being Depreciated	159,653		-	159,653
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	686,100			686,100
Buildings and Building Improvements	14,665,959	\$ 118,858		14,784,817
Machinery and Equipment	1,179,570	26,776		1,206,346
Total at Historical Cost	16,531,629	145,634	-	16,677,263
Less Accumulated Depreciation for:				
Land Improvements	(607,282)	(34,305)		(641,587)
Building and Improvements	(5,092,609)	(307,957)		(5,400,566)
Equipment	(857,394)	(103,250)		(960,644)
Total Accumulated Depreciation	(6,557,285)	(445,512)		(7,002,797)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	9,974,344	(299,878)	-	9,674,466
Government Activity Capital Assets, Net	\$ 10,133,997	\$ (299,878)	\$ -	\$ 9,834,119

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 409,871
Unallocated	35,641
Total	<u>\$ 445,512</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 7: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2009, are as follows:

	Balance <u>7/1/08</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/09</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$7,900,000		(\$235,000)	\$7,665,000	\$300,000
Other Liabilities:					
Compensated Absences Payable	160,321		(8,220)	152,101	20,129
Total	<u>\$8,060,321</u>	<u>\$0</u>	<u>(\$243,220)</u>	<u>\$7,817,101</u>	<u>\$320,129</u>

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 7: LONG-TERM OBLIGATIONS - (CONTINUED)

For the year ended June 30, 2009, it is not necessary for the Board to establish a liability for arbitrage rebate.

	<u>Government Activities</u>			
	<u>Issue</u>	<u>Interest</u>	<u>Date of</u>	<u>Balance</u>
	<u>Dates</u>	<u>Rates</u>	<u>Maturity</u>	<u>June 30, 2009</u>
Bonds Payable	12/20/07	4.0 to 4.75%	1/15/2025	<u>\$ 7,665,000</u>
Total Bonds				<u>\$ 7,665,000</u>

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2009, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 300,000	\$ 327,900	\$ 627,900
2011	350,000	315,150	665,150
2012	415,000	301,150	716,150
2013	440,000	284,550	724,550
2014	465,000	263,650	728,650
Thereafter	<u>5,695,000</u>	<u>1,438,763</u>	<u>7,133,763</u>
	<u>\$7,665,000</u>	<u>\$2,931,163</u>	<u>\$10,596,163</u>

As of June 30, 2009, the District had no authorized but not issued bonds.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8: OPERATING LEASES

The District has commitments to lease copying equipment under operating leases which expire on various dates. Total operating lease payments made during the year ended June 30, 2009, were \$18,900. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2010	<u>\$18,900</u>
Total Minimum Lease Payments	<u>\$18,900</u>

NOTE 9: PENSION PLANS

Description of Plans All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A.18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9: PENSION PLANS (Continued)

Vesting and Benefit Provisions The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

<u>Three-Year Trend Information for PERS</u>			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$99,661	100 %	-0-
6/30/2008	\$78,362	100	-0-
6/30/2007	\$55,890	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	-0-	100 %	-0-
6/30/2008	-0-	100	-0-
6/30/2007	-0-	100	-0-

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9: PENSION PLANS (Continued)

During the fiscal year ended June 30, 2009, the State of New Jersey did contribute \$384,502 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$458,223 during the year ended June 30, 2009, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

NOTE 10: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in Fiscal Year 2008.

NOTE 11: DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Siracusa - SBP Sun National
John Hancock Signature Services
Lincoln National Life
AXA Equitable

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 12: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement within the state pension plan, an employee is reimbursed for accumulated vacation and/or unused sick days. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial employment. The liability balance of sick and vacation time as of June 30, 2009 was \$152,101.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2009, no liability existed for compensated absences in the proprietary fund types.

NOTE 13: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 14: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

ARBITRAGE REBATE

As part of a major school building program, bonded debt was issued in excess of limits that could require payment of arbitrage rebates as required under applicable provisions of the Internal Revenue Code. Arbitrage reporting and tracking is maintained by the District and estimated future value of such liability, if any, will be determined at completion of the capital project.

LITIGATION

The Board is involved in a dispute with Independence Township concerning the withdrawal of the township from the regional school. The Commissioner of the State Board of Education has determined that the township has no cause for withdrawal and has denied the request for such. However, potential litigation could occur regarding this issue, and if the township is successful, the potential costs involved could be significant and material to the financial stability of the Great Meadows regional School District.

NOTE 15: FUND BALANCE APPROPRIATED

General Fund - Of the \$1,092,725 General Fund fund balance at June 30, 2009, \$111,114 is reserved for encumbrances; \$896,038 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$672,277 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2010); \$100,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2010; \$251,182 has been reserved in the Capital Reserve Account; and, \$(265,609) is unreserved and undesignated.

NOTE 16: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L.2004, c.73 (S1701) the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2009, is \$223,761.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 17: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Great Meadows Regional School District Board of Education by inclusion of \$1. on October 16, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2008 to June 30, 2009 fiscal year is as follows:

Beginning Balance, July 1, 2008	\$248,843
Interest Earnings	2,339
Ending Balance, June 30, 2009	<u>\$251,182</u>

NOTE 18: INTERFUND BALANCES AND ACTIVITY

The district recorded a current fund interfund receivable balance of \$4,555 for cash resources needed for special revenue activities in anticipation of federal grant receipts.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,514,907		\$ 11,514,907	\$ 11,514,907	
Interest on Capital Reserve	13,000		13,000	2,340	\$ (10,660)
Miscellaneous	98,000		98,000	139,825	41,825
Total - Local Sources	11,625,907		11,625,907	11,657,072	31,165
State Sources:					
Equalization Aid	4,631,923	(35,944)	4,595,979	4,595,979	
Transportation Aid	610,946		610,946	610,946	
Special Education Aid	702,964		702,964	702,964	
Security Aid	97,086		97,086	97,086	
Adjustment Aid	367,656	3,583	371,239	371,239	
Other State Aid-Extraordinary Aid	23,343	(3,583)	19,760	19,760	
Other State Aid-Transportation Aid		11,331	11,331	11,331	
TPAF Pension (On-Behalf - Non-Budgeted)				384,502	384,502
TPAF Social Security (Reimbursed - Non-Budgeted)				458,223	458,223
Total State Sources	6,433,918	(24,613)	6,409,305	7,252,030	842,725
TOTAL REVENUES	18,059,825	(24,613)	18,035,212	18,909,102	873,890

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	208,834	11,885	220,719	210,994	9,725
Grades 1-5 - Salaries of Teachers	2,218,457	12,628	2,231,085	2,231,085	
Grades 6-8 - Salaries of Teachers	1,730,313	18,667	1,748,980	1,748,980	
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500		2,500	1,664	836
Purchased Professional-Educational Services	1,000	5,300	6,300	5,780	520
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	222,716	(1,869)	220,847	220,847	
Purchased Professional-Educational Services	8,000	5,000	13,000	11,262	1,738
Other Purchased Services (400-500 series)	59,512	(6,977)	52,535	52,456	79
General Supplies	220,609	58,852	279,461	230,533	48,928
Textbooks	10,000	(3,680)	6,320	6,007	313
Other Objects	3,600	933	4,533	4,001	532
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,685,541	100,739	4,786,280	4,723,609	62,671
SPECIAL EDUCATION - INSTRUCTION					
Learning or Language Disabilities:					
Salaries of Teachers	95,560	2,100	97,660	97,640	20
General Supplies	500	(79)	421	170	251
Total Learning or Language Disabilities	96,060	2,021	98,081	97,810	271
Multiple Disabilities:					
Salaries of Teachers					
Other Salaries for Instruction					
General Supplies					
Total Multiple Disabilities					
Resource Room/Resource Center:					
Salaries of Teachers	403,535		403,535	394,826	8,709
General Supplies	600		600	600	
Total Resource Room/Resource Center	404,135		404,135	395,426	8,709

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part-Time:					
Salaries of Teachers	48,180	(48,180)			
Other Salaries for Instruction	10,920	(10,920)			
General Supplies	700	(700)			
Total Preschool Disabilities - Part-Time	59,800	(59,800)			
Home Instruction:					
Salaries of Teachers	500		500		500
Purchased Professional-Educational Services	2,000		2,000	1,531	469
Total Home Instruction	2,500		2,500	1,531	969
TOTAL SPECIAL EDUCATION - INSTRUCTION	562,495	(57,779)	504,716	494,767	9,949
Basic Skills/Remedial - Instruction					
Salaries of Teachers	172,812	(14,396)	158,416	155,677	2,739
General Supplies	900		900	611	289
Total Basic Skills/Remedial - Instruction	173,712	(14,396)	159,316	156,288	3,028
TOTAL INSTRUCTION	5,421,748	28,564	5,450,312	5,374,664	75,648
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	4,931,425		4,931,425	4,931,425	
Tuition to Other LEAs Within the State-Special	633,326	14,029	647,355	647,355	
Tuition to County Vocational School District - Regular	85,825	14,740	100,565	100,565	
Tuition to CSSD & Regional Day Schools	80,734	112,866	193,600	151,030	42,570
Tuition to Private Schools for the Disabled-Within State	522,880	(113,607)	409,273	381,350	27,923
Tuition to Private Schools for the Disabled-Out of State		8,208	8,208	2,865	5,343
Total Instruction	6,254,190	36,236	6,290,426	6,214,590	75,836

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	224,275		224,275	224,188	87
Purchased Professional and Technical Services	8,570	(4,430)	4,140	4,042	98
Supplies and Materials	2,925	3,195	6,120	4,737	1,383
Total Health Services	235,770	(1,235)	234,535	232,967	1,568
Other Supp. Services Students-Related Services:					
Salaries	77,631	(14,000)	63,631	59,039	4,592
Purchased Professional - Educational Services	74,629	73,400	148,029	125,572	22,457
Supplies and Materials	300		300	202	98
Total Other Supp. Services Students-Related Services	152,560	59,400	211,960	184,813	27,147
Other Supp. Services Students-Extra.Services:					
Salaries of Other Professional Staff	17,434	(17,434)			
Purchased Professional - Educational Services	40,000	(3,200)	36,800	36,745	55
Total Other Supp. Services Students-Extra.Services	57,434	(20,634)	36,800	36,745	55
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	131,940		131,940	125,846	6,094
Salaries of Secretarial and Clerical Assistants	13,057		13,057	13,056	1
Purchased Professional - Educational Services	4,000		4,000	2,812	1,188
Other Purchased Services (400-500 series)	300		300	175	125
Supplies and Materials	450		450	446	4
Other Objects	100		100	100	
Total Other Supp. Services Students-Regular	149,847		149,847	142,435	7,412
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	227,857	9,800	237,657	237,404	253
Salaries of Secretarial and Clerical Assistants	16,659		16,659	16,320	339
Purchased Professional - Educational Services	6,000	200	6,200	6,200	
Other Purchased Services (400-500 series)	2,700		2,700	1,233	1,467
Supplies and Materials	1,955	146	2,101	1,624	477
Total Other Supp. Services Students-Special	255,171	10,146	265,317	262,781	2,536

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	37,434	1,900	39,334	39,279	55
Salaries of Secretarial and Clerical Assist.	3,265	1,600	4,865	3,637	1,228
Other Salaries	48,035	400	48,435	48,362	73
Supplies and Materials	500	(500)			
Other Objects	1,000	709	1,709	347	1,362
Total Improvement of Instruction Services	90,234	4,109	94,343	91,625	2,718
Educational Media Services/School Library:					
Salaries	171,768	2,000	173,768	173,668	100
Other Purchased Services (400-500 series)	7,000	(6,901)	99		99
Supplies and Materials	9,000	2,001	11,001	10,822	179
Total Educational Media Services/School Library	187,768	(2,900)	184,868	184,490	378
Instructional Staff Training Services:					
Salaries of Other Professional Staff	9,358	400	9,758	9,727	31
Other Purchased Services (400-500 series)	586	174	760	745	15
Other Objects	195	(174)	21	21	
Total Instructional Staff Training Services	10,139	400	10,539	10,493	46
Supp. Services - General Administration:					
Salaries	185,448		185,448	185,447	1
Legal Services	30,000	6,230	36,230	32,697	3,533
Audit Fees	15,000	(1,030)	13,970	13,970	
Other Purchased Professional Services	13,265	500	13,765	13,293	472
Purchased Technical Services	3,600		3,600	2,800	800
Communications/Telephone	30,200	2,000	32,200	19,146	13,054
BOE Other Purchased Services	3,600		3,600	1,111	2,489
Other Purchased Services (400-500)	26,161	(2,000)	24,161	21,362	2,799
General Supplies	1,600		1,600	902	698
BOE General Supplies	200		200	62	138
Miscellaneous Expenditures	10,000	4,900	14,900	15,262	(362)
BOE Membership Dues and Fees	8,000	(6,500)	1,500	541	959
Total Supp. Services - General Administration	327,074	4,100	331,174	306,593	24,581

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	276,065	20,000	296,065	293,046	3,019
Salaries of Secretarial and Clerical Assistants	123,078	4,000	127,078	126,978	100
Other Purchased Services (400-500 series)	8,000	(1,000)	7,000	2,030	4,970
Supplies and Materials	5,000		5,000	4,549	451
Other Objects	1,800		1,800	1,800	
Total Support Services - School Administration	413,943	23,000	436,943	428,403	8,540
Central Services:					
Salaries	169,584		169,584	169,583	1
Purchased Professional Services	4,600	(800)	3,800	2,597	1,203
Misc. Purchased Services (400-500 series)	4,500		4,500	4,500	
Supplies and Materials	796	812	1,608	1,483	125
Other Objects	1,800	800	2,600	1,751	849
Total Central Services	181,280	812	182,092	179,914	2,178
Admin.Info.Tech.:					
Salaries	8,608		8,608	8,608	
Purchased Technical Services	2,000	1,000	3,000	3,000	
Total Admin.Info.Tech.	10,608	1,000	11,608	11,608	
Required Maintenance for School Facilities:					
Salaries	115,996		115,996	115,771	
Cleaning, Repair and Maintenance Services	79,174	(24,000)	55,174	31,988	23,186
General Supplies	35,095	12	35,107	30,552	4,555
Other Objects	1,200		1,200	991	209
Total Required Maintenance for School Facilities	231,465	(23,988)	207,477	179,302	28,175
Other Operations and Maintenance of Plant:					
Salaries	420,280	13,000	433,280	429,800	3,480
Purchased Professional and Technical Services	14,500	(345)	14,155	12,444	1,711
Cleaning, Repair and Maintenance Services	41,000	773	41,773	40,617	1,156
Insurance	48,000	(2,428)	45,572	44,132	1,440
Miscellaneous Purchased Services	2,300	2,000	4,300	3,260	1,040
General Supplies	42,257	(6,400)	35,857	22,323	13,534
Energy (Energy and Electricity)	283,148	16,400	299,548	299,544	4
Other Objects	1,000		1,000	744	256
Total Other Operations and Maintenance of Plant	852,485	23,000	875,485	852,864	22,621

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Student Transportation Services					
Salaries for Pupil Transportation (Bet. Home & School)-Regular	25,650		25,650	24,406	1,244
Salaries for Pupil Transp.(Other than Bet.Home & School)	500	1,000	1,500	1,481	19
Other Purchased Professional Services	17,359	(414)	16,945	16,682	263
Rental Payments - School Buses	16,067		16,067	15,882	185
Contracted Services (Between Home and School)-Vendors	583,960	16,715	600,675	600,674	1
Contracted Services (Other than Bet.Home & School)-Vendors	8,000	2,699	10,699	10,699	
Contracted Services (Special Education Students)-Joint Agrmts.	423,334	(32,700)	390,634	333,030	57,604
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	49,835	(9,293)	40,542	34,034	6,508
Contracted Services - Aid in Lieu of Payments-Charter Sch.	8,900	824	9,724	9,724	
Supplies and Materials	6,100		6,100	4,365	1,735
Miscellaneous Expenditures	250		250	33	217
Total Student Transportation Services	1,139,955	(21,169)	1,118,786	1,051,010	67,776
UNALLOCATED BENEFITS					
Social Security Contributions	118,002	5,972	123,974	123,974	
Other Retirement Contributions - Regular	126,472	(26,811)	99,661	99,661	
Unemployment Compensation	30,000	(3,580)	26,420	19,701	6,719
Workmen's Compensation	66,238	1,093	67,331	67,330	1
Health Benefits	1,891,765	(54,142)	1,837,623	1,837,116	507
Tuition Reimbursement	24,000	(1,233)	22,767	21,032	1,735
Other Employee Benefits	25,363	27,642	53,005	52,838	167
TOTAL UNALLOCATED BENEFITS	2,281,840	(51,059)	2,230,781	2,221,652	9,129

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				384,502	(384,502)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				458,223	(458,223)
TOTAL ON-BEHALF CONTRIBUTIONS				842,725	(842,725)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	2,281,840	(51,059)	2,230,781	3,064,377	(833,596)
TOTAL UNDISTRIBUTED EXPENDITURES	12,831,763	41,218	12,872,981	13,435,010	(562,029)
TOTAL GENERAL CURRENT EXPENSE	18,253,511	69,782	18,323,293	18,809,674	(486,381)
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	21,224	(975)	20,249	20,249	
Grades 6-8	2,043	(2,000)	43		43
Undistributed Expenditures-Instructional Equipment		10,559	10,559	2,700	7,859
Undist. Expend. - Operation & Maint. Of Plant Serv.		11,031	11,031	3,827	7,204
Total Equipment	23,267	18,615	41,882	26,776	15,106
Facilities Acquisition and Construction Services:					
Other Purchased Professional Services		12,029	12,029	12,029	
Construction Services	141,302	(22,699)	118,603	106,829	11,774
Total Facilities Acquisition and Construction Services	141,302	(10,670)	130,632	118,858	11,774
TOTAL CAPITAL OUTLAY	164,569	7,945	172,514	145,634	26,880
Transfer to Charter School	96,103	18,058	114,161	114,161	
TOTAL EXPENDITURES	18,514,183	95,785	18,609,968	19,069,469	(459,501)

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(454,358)	(120,398)	(574,756)	(160,367)	414,389
Fund Balance, July 1	1,883,236		1,883,236	1,883,236	
Fund Balance, June 30	<u>\$ 1,428,878</u>	<u>\$ (120,398)</u>	<u>\$ 1,308,480</u>	<u>\$ 1,722,869</u>	<u>\$ 414,389</u>
Recapitulation:					
Capital Reserve				\$ 251,182	
Encumbrances				111,114	
Excess Surplus				223,761	
Excess Surplus - Designated for Subseq. Year's Expenditures				672,277	
Designated for Subseq. Year's Expenditures				100,000	
Unrestricted Fund Balance				<u>364,535</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				1,722,869	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(630,144)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,092,725</u>	

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 4,771	\$ 4,771	\$ 3,627	\$ (1,144)
State Sources		3,224	3,224	2,153	(1,071)
Federal Sources	\$ 281,545	106,842	388,387	343,682	(44,705)
Total Revenues	\$ 281,545	\$ 114,837	\$ 396,382	\$ 349,462	\$ (46,920)
EXPENDITURES:					
Instruction					
Salaries of Teachers	19,700	22,255	41,955	41,355	600
Purchased Professional and Technical Services		4,934	4,934	3,609	1,325
Tuition	100,000	13,151	113,151	113,151	
General Supplies	31,649	20,739	52,388	50,756	1,632
Total Instruction	151,349	61,079	212,428	208,871	3,557
Support Services					
Salaries of Other Personnel		5,100	5,100	5,100	
Personal Services - Employee Benefits	6,222	6,110	12,332	8,596	3,736
Purchased Professional - Educational Services	10,864	(4,579)	6,285	3,200	3,085
Transportation	100,000	47,045	147,045	111,003	36,042
Other Purchased Professional Services		130	130	130	
Other Purchased Services	5,436	5,336	10,772	10,272	500
Supplies and Materials	7,674	(5,384)	2,290	2,290	
Total Support Services	130,196	53,758	183,954	140,591	43,363
Total Expenditures	\$ 281,545	\$ 114,837	\$ 396,382	\$ 349,462	\$ 46,920

**Excess (Deficiency) of Revenues Over (Under)
Expenditures**

Fund Balance per Governmental Funds(Budgetary Basis)

None

Reconciliation to Governmental Funds Statement(GAAP Basis):

Current Year Last State Aid Payment not recognized on GAAP basis until received

None

Fund Balance per Governmental Funds(GAAP Basis)

None

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2009

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 18,909,102	\$ 349,462
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	7,759
Current Year Encumbrances	N/A	(19,464)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	309,985	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(630,144)</u>	<u> -</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 18,588,943</u>	<u>\$ 337,757</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 19,069,469	\$ 349,462
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	7,759
Current Year Encumbrances	N/A	(19,464)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 19,069,469</u>	<u>\$ 337,757</u>

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2009

	Title I	Title II Part A	Title II Part D	Title IV	IDEA Basic	IDEA Preschool	Prof. Stds Grant	Rebel Grant	Local Grants	Totals
REVENUES										
Local Sources									\$ 3,627	\$ 3,627
State Sources							\$ 153	\$ 2,000		2,153
Federal Sources	\$ 47,082	\$ 34,570	\$ 409	\$ 2,151	\$ 253,399	\$ 6,071				343,682
TOTAL REVENUES	\$ 47,082	\$ 34,570	\$ 409	\$ 2,151	\$ 253,399	\$ 6,071	\$ 153	\$ 2,000	\$ 3,627	\$ 349,462
EXPENDITURES:										
Instruction:										
Salaries of Teachers	39,355							2,000		41,355
Purchased Profess. & Tech. Serv.		3,609								3,609
Tuition					107,080	6,071				113,151
General Supplies	1,726	11,949			33,301		153		3,627	50,756
Total Instruction	41,081	15,558	-	-	140,381	6,071	153	2,000	3,627	208,871
Support Services:										
Salaries of Instruction Supervisors		5,100								5,100
Personal Services - Employee Bene.	6,001	580			2,015					8,596
Purchased Profess.-Educ. Serv.		3,200								3,200
Transportation					111,003					111,003
Other Purchased Professional Services			130							130
Other Purchased Services		10,132		140						10,272
Supplies and Materials			279	2,011						2,290
Total Support Services	6,001	19,012	409	2,151	113,018	-	-	-	-	140,591
TOTAL EXPENDITURES	\$ 47,082	\$ 34,570	\$ 409	\$ 2,151	\$ 253,399	\$ 6,071	\$ 153	\$ 2,000	\$ 3,627	\$ 349,462
Excess (Deficiency) of Revenues										
Over (Under) Expenditures										

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT Exhibit H-1
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	<u>AGENCY FUNDS</u>		
	<u>STUDENT</u>	<u>PAYROLL</u>	
	<u>ACTIVITY</u>	<u>AGENCY</u>	<u>TOTALS</u>
ASSETS:			
Cash and Cash Equivalents	\$ 14,112	\$ 7,064	\$ 21,176
TOTAL ASSETS	<u>\$ 14,112</u>	<u>\$ 7,064</u>	<u>\$ 21,176</u>
 LIABILITIES:			
Liabilities:			
Payroll Deductions & Withholdings		\$ 7,064	\$ 7,064
Payable to Student Groups	\$ 14,112		14,112
Total Liabilities	<u>\$ 14,112</u>	<u>\$ 7,064</u>	<u>\$ 21,176</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 14,112</u>	 <u>\$ 7,064</u>	 <u>\$ 21,176</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2008</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2009</u>
LIBERTY SCHOOL:				
Enrichment Activiites	\$ 3,245	\$ 4,239	\$ 3,488	\$ 3,996
Total Liberty School	3,245	4,239	3,488	3,996
CENTRAL SCHOOL:				
Interest	2	6		8
Student Council	204	1,784	1,441	547
Yearbook	136	4,686	4,471	351
Total Central School	342	6,476	5,912	906
MIDDLE SCHOOL:				
Interest	116	40		156
Class of 2009	4,251	28,732	29,157	3,826
Class of 2010	2,026	4,157	5,173	1,010
Class of 2011	1,088	2,396	1,742	1,742
Student Leadership	44			44
Wildlife Habitat	605			605
Student Council	831	1,199	1,232	798
Music/Band	33	5,343	5,319	57
Rebel 2	186		75	111
Total Middle school	9,180	41,867	42,698	8,349
REGIONAL PROGRAMS:				
After School Program	810	2,865	2,814	861
Total Regional Programs	810	2,865	2,814	861
TOTALS	\$ 13,577	\$ 55,447	\$ 54,912	\$ 14,112

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BALANCE</u> <u>July 1, 2008</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2009</u>
ASSETS:				
Cash and Cash Equivalents	\$ 5,474	\$ 13,055,350	\$ 13,053,760	\$ 7,064
Total Assets	<u>\$ 5,474</u>	<u>\$ 13,055,350</u>	<u>\$ 13,053,760</u>	<u>\$ 7,064</u>
LIABILITIES:				
Payroll Deductions & Withholdings	\$ 5,474	\$ 13,055,350	\$ 13,053,760	\$ 7,064
Total Liabilities	<u>\$ 5,474</u>	<u>\$ 13,055,350</u>	<u>\$ 13,053,760</u>	<u>\$ 7,064</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2009**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2008</u>	<u>RETIREED</u>	<u>BALANCE June 30, 2009</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Obligation Refunding Bonds - Series 2008	12/20/07	8,355,000	1/15/10	\$ 300,000	4.25%	7,900,000	235,000	\$ 7,665,000
			1/15/11	350,000	4.00%			
			1/15/12	415,000	4.00%			
			1/15/13	440,000	4.75%			
			1/15/14	465,000	4.75%			
			1/15/15	480,000	4.75%			
			1/15/16	480,000	4.75%			
			1/15/17	500,000	*			
			1/15/18	520,000	*			
			1/15/19	520,000	4.25%			
			1/15/20	530,000	4.25%			
			1/15/21	525,000	4.25%			
			1/15/22	525,000	4.00%			
			1/15/23	520,000	4.00%			
			1/15/24	545,000	4.00%			
			1/15/25	550,000	4.00%			
Total						<u>\$ 7,900,000</u>	<u>\$ 235,000</u>	<u>\$ 7,665,000</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 401,366		\$ 401,366	\$ 400,284	\$ (1,082)
State Sources:					
Debt Service Aid Type II	170,934		170,934	170,934	
Total - State Sources	170,934		170,934	170,934	
TOTAL REVENUES	\$ 572,300	\$ -	\$ 572,300	\$ 571,218	\$ (1,082)
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 337,300	\$ -	\$ 337,300	\$ 337,300	
Redemption of Principal	235,000		235,000	235,000	
Total Regular Debt Service	572,300		572,300	572,300	
TOTAL EXPENDITURES	\$ 572,300	\$ -	\$ 572,300	\$ 572,300	
Fund Balance, July 1				\$ 3,599	
Fund Balance, June 30				\$ 2,517	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Unreserved Fund Balance				\$ 2,517	

Great Meadows Regional School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	56-61
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	62-67
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	68-71
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	72-73
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	74-78

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

**Great Meadows Regional School District
Net Assets by Component,
Last Seven Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 1,821,532	\$ 1,986,026	\$ 1,834,105	\$ 1,982,839	\$ 2,048,403	\$ 2,233,997	\$ 2,169,119
Restricted	(3,208)	295,719	380,237	398,741	767,510	1,282,077	1,249,737
Unrestricted	(269,396)	(126,330)	(34,529)	102,764	93,604	(20,144)	(456,883)
Total governmental activities net assets	<u>\$ 1,548,928</u>	<u>\$ 2,155,415</u>	<u>\$ 2,179,813</u>	<u>\$ 2,484,344</u>	<u>\$ 2,909,517</u>	<u>\$ 3,495,930</u>	<u>\$ 2,961,973</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 72,474	\$ 58,108	\$ 43,743	\$ 29,378	\$ 54,536	\$ 40,606	\$ 40,336
Restricted	-	-	-	-	-	-	-
Unrestricted	17,415	7,925	12,047	25,415	46,654	61,645	71,108
Total business-type activities net assets	<u>\$ 89,889</u>	<u>\$ 66,033</u>	<u>\$ 55,790</u>	<u>\$ 54,793</u>	<u>\$ 101,190</u>	<u>\$ 102,251</u>	<u>\$ 111,444</u>
District-wide							
Invested in capital assets, net of related debt	\$ 1,894,006	\$ 2,044,134	\$ 1,877,848	\$ 2,012,217	\$ 2,102,939	\$ 2,274,603	\$ 2,209,455
Restricted	(3,208)	295,719	380,237	398,741	767,510	1,282,077	1,249,737
Unrestricted	(251,981)	(118,405)	(22,482)	128,179	140,258	41,501	(385,775)
Total district net assets	<u>\$ 1,638,817</u>	<u>\$ 2,221,448</u>	<u>\$ 2,235,603</u>	<u>\$ 2,539,137</u>	<u>\$ 3,010,707</u>	<u>\$ 3,598,181</u>	<u>\$ 3,073,417</u>

Source: CAFR Schedule A-1

Great Meadows Regional School District
Changes in Net Assets, Last Seven Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities							
Instruction							
Regular	\$ 4,884,508	\$ 5,189,375	\$ 5,302,355	\$ 5,682,783	\$ 5,964,787	\$ 6,342,308	\$ 6,365,004
Special education	697,472	804,895	722,752	752,050	748,305	649,274	590,167
Other special education	145,322	138,690	173,823	251,083	225,358	214,485	186,423
Support Services:							
Tuition	5,030,982	5,452,270	6,428,852	6,416,140	6,610,839	6,939,549	7,412,871
Student & instruction related services	1,135,120	1,228,955	1,308,144	1,323,489	1,380,181	1,510,879	1,518,762
General administrative services	511,241	517,843	598,815	500,494	664,152	691,863	594,160
School administrative services	482,527	479,697	477,815	500,195	456,864	466,690	511,007
Plant operations and maintenance	876,464	896,541	1,032,001	1,073,546	1,067,988	1,261,993	1,231,186
Pupil transportation	997,490	1,092,050	990,628	1,049,208	1,238,822	1,223,682	1,253,663
Interest on long-term debt	466,171	431,016	427,046	395,324	378,558	394,047	332,991
Unallocated depreciation	37,544	29,131	31,474	33,127	35,641	35,641	35,641
Total governmental activities expenses	<u>15,264,841</u>	<u>16,260,463</u>	<u>17,493,705</u>	<u>17,977,439</u>	<u>18,771,495</u>	<u>19,730,411</u>	<u>20,031,875</u>
Business-type activities:							
Food service	238,240	249,321	242,529	234,371	235,215	243,387	228,484
Child Care	95,900	105,106	100,912	106,057	550	-	-
Total business-type activities expense	<u>334,140</u>	<u>354,427</u>	<u>343,441</u>	<u>340,428</u>	<u>235,765</u>	<u>243,387</u>	<u>228,484</u>
Total district expenses	<u>\$ 15,598,981</u>	<u>\$ 16,614,890</u>	<u>\$ 17,837,146</u>	<u>\$ 18,317,867</u>	<u>\$ 19,007,260</u>	<u>\$ 19,973,798</u>	<u>\$ 20,260,359</u>
Program Revenues							
Governmental activities:							
Charges for services:							
Business and other support services							
Operating grants and contributions	6,552,993	7,124,942	7,293,961	7,364,482	7,684,519	8,048,354	7,436,935
Capital grants and contributions							
Total governmental activities program revenues	<u>6,552,993</u>	<u>7,124,942</u>	<u>7,293,961</u>	<u>7,364,482</u>	<u>7,684,519</u>	<u>8,048,354</u>	<u>7,436,935</u>

Great Meadows Regional School District
Changes in Net Assets, Last Seven Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities:							
Charges for services							
Food service	150,477	147,343	149,425	197,684	194,787	190,703	180,913
Child care	102,060	102,854	100,200	94,167	-	-	(756)
Operating grants and contributions	38,694	40,826	41,671	46,840	49,212	53,745	57,520
Capital grants and contributions	-	-	-	-	-	-	-
Total business type activities program revenues	291,231	291,023	291,296	338,691	243,999	244,448	237,677
Total district program revenues	<u>\$ 6,844,224</u>	<u>\$ 7,415,965</u>	<u>\$ 7,585,257</u>	<u>\$ 7,703,173</u>	<u>\$ 7,928,518</u>	<u>\$ 8,292,802</u>	<u>\$ 7,674,612</u>
Net (Expense)/Revenue							
Governmental activities	\$ (8,711,848)	\$ (9,135,521)	\$ (10,199,744)	\$ (10,612,957)	\$ (11,086,976)	\$ (11,682,057)	\$ (12,594,940)
Business-type activities	(42,909)	(63,404)	(52,145)	(1,737)	8,234	1,061	9,193
Total district-wide net expense	<u>\$ (8,754,757)</u>	<u>\$ (9,198,925)</u>	<u>\$ (10,251,889)</u>	<u>\$ (10,614,694)</u>	<u>\$ (11,078,742)</u>	<u>\$ (11,680,996)</u>	<u>\$ (12,585,747)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes levied for general purposes, net	\$ 7,940,915	\$ 9,105,915	\$ 9,594,920	\$ 10,227,818	\$ 10,893,399	\$ 11,512,278	\$ 11,514,907
Taxes levied for debt service	604,524	592,256	591,336	502,401	536,217	520,541	400,284
Investment earnings	6,819	17,300	28,888	64,178	105,954	73,019	14,868
Miscellaneous income	44,080	66,085	50,900	37,808	46,569	162,632	130,924
Federal/State Aid for Capital Assets Projects	22,071			86,023	-	-	
Transfers	(37,290)	(39,548)	(41,902)	(740)	-	-	
Total governmental activities	<u>8,581,119</u>	<u>9,742,008</u>	<u>10,224,142</u>	<u>10,917,488</u>	<u>11,582,139</u>	<u>12,268,470</u>	<u>12,060,983</u>
Business-type activities:							
Investment earnings	-	-	-	-	-	-	-
Transfers	37,290	39,548	41,902	740	-	-	
Total business-type activities	<u>37,290</u>	<u>39,548</u>	<u>41,902</u>	<u>740</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 8,618,409</u>	<u>\$ 9,781,556</u>	<u>\$ 10,266,044</u>	<u>\$ 10,918,228</u>	<u>\$ 11,582,139</u>	<u>\$ 12,268,470</u>	<u>\$ 12,060,983</u>
Change in Net Assets							
Governmental activities	\$ (130,729)	\$ 606,487	\$ 24,398	\$ 304,531	\$ 495,163	\$ 586,413	\$ (533,957)
Business-type activities	(5,619)	(23,856)	(10,243)	(997)	8,234	1,061	9,193
Total district	<u>\$ (136,348)</u>	<u>\$ 582,631</u>	<u>\$ 14,155</u>	<u>\$ 303,534</u>	<u>\$ 503,397</u>	<u>\$ 587,474</u>	<u>\$ (524,764)</u>

Source: CAFR Schedule A-2

**Great Meadows Regional School District
Fund Balances, Governmental Funds,
Last Seven Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund							
Reserved	\$ 1	\$ 408,483	\$ 380,237	\$ 398,741	\$ 1,011,639	\$ 1,398,875	\$ 1,258,334
Unreserved	166,378	200,460	275,452	395,341	216,941	174,376	(165,609)
Total general fund	<u>\$ 166,379</u>	<u>\$ 608,943</u>	<u>\$ 655,689</u>	<u>\$ 794,082</u>	<u>\$ 1,228,580</u>	<u>\$ 1,573,251</u>	<u>\$ 1,092,725</u>
All Other Governmental Funds							
Reserved							-
Unreserved, reported in:							
Special revenue fund	\$ (3,209)						-
Capital projects fund							
Debt service fund						\$ 3,599	\$ 2,517
Permanent fund		-	-	-	-	-	-
Total all other governmental funds	<u>\$ (3,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 3,599</u>	<u>\$ 2,517</u>

Source: CAFR Schedule B-1

**Great Meadows Regional School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues										
Tax levy	\$ 6,487,345	\$ 6,908,004	\$ 8,087,759	\$ 8,545,439	\$ 9,698,171	\$ 10,186,256	\$ 10,730,219	\$ 11,429,616	\$ 12,032,819	\$ 11,915,191
Tuition charges	2,538					12,737	12,747			
Interest on Investments		1,553	1,004							
Miscellaneous	182,619	206,341	93,617	50,899	83,385	67,051	89,239	152,523	645,651	145,792
State sources	6,379,210	6,990,894	6,012,852	6,282,743	6,803,585	6,937,425	7,094,331	7,437,959	7,621,231	7,104,958
Federal sources	198,369	202,417	261,444	292,321	321,357	356,536	356,172	246,560	427,123	331,977
Total revenue	13,250,081	14,309,209	14,456,676	15,171,402	16,906,498	17,560,005	18,282,708	19,266,658	20,726,824	19,497,918
Expenditures										
Instruction										
Regular Instruction	3,353,596	3,568,319	3,593,281	3,831,677	4,160,012	4,199,968	4,442,201	4,481,084	4,851,957	4,934,459
Special education instruction	396,599	338,740	430,049	608,786	695,679	618,093	637,042	617,157	540,467	494,767
Other special instruction	93,498	153,800	133,814	126,844	119,871	148,652	212,686	185,862	178,541	156,288
Other instruction	27,881	27,475	100						-	-
Support Services:										
Tuition	3,613,889	3,981,501	4,175,886	4,391,276	4,712,454	5,497,916	5,434,948	5,452,225	5,776,605	6,214,590
Student & instruction related services	973,493	955,101	858,558	990,786	1,062,199	1,118,717	1,121,094	1,138,291	1,257,683	1,273,256
General administrative services	334,525	267,223	312,656	446,235	447,577	512,103	423,956	547,753	575,919	498,115
School Administrative services	380,480	383,385	416,827	421,172	414,607	408,625	423,702	376,794	388,481	428,403
Business administrative services	169,521	150,349	151,970						-	-
Plant operations and maintenance	728,182	805,591	707,144	765,019	774,890	882,561	852,058	878,278	1,050,506	1,032,166
Pupil transportation	775,000	837,104	878,088	870,656	943,870	847,180	888,757	1,021,706	1,018,615	1,051,010
Unallocated employee benefits	1,403,271	1,551,023	1,688,176	1,876,925	2,143,938	2,287,297	2,634,649	3,137,448	3,141,897	3,064,377
Special Revenue	296,214	275,214	275,647							
Charter Schools							49,040	79,848	78,270	114,161
Capital outlay	18,867	500,097	144,664	159,304	99,309	104,791	305,141	149,065	279,930	145,634
Debt service:										
Principal	430,000	367,000	388,000	390,000	397,000	421,000	315,000	380,000	830,000	235,000
Interest and other charges	548,870	521,895	498,732	474,310	449,770	424,454	403,301	386,649	409,683	337,300
Total expenditures	13,543,886	14,683,817	14,653,592	15,352,990	16,421,176	17,471,357	18,143,575	18,832,160	20,378,554	19,979,526
Excess (Deficiency) of revenues over (under) expenditures	(293,805)	(374,608)	(196,916)	(181,588)	485,322	88,648	139,133	434,498	348,270	(481,608)
Other Financing Sources (uses)										
Capital Leases		450,000								
Proceeds of Refunding Bonds										
Payment to Refunded Bond Escrow										
Transfers in	3,257	56,177	-	-	-	-	-	-	-	-
Transfers out	(38,274)	(90,177)	(41,496)	(37,290)	(39,548)	(41,902)	(740)	-	-	-
Total other financing sources (uses)	(35,017)	416,000	(41,496)	(37,290)	(39,548)	(41,902)	(740)	-	-	-
Net change in fund balances	\$ (328,822)	\$ 41,392	\$ (238,412)	\$ (218,878)	\$ 445,774	\$ 46,746	\$ 138,393	\$ 434,498	\$ 348,270	\$ (481,608)
Debt service as a percentage of noncapital expenditures	7.2%	6.3%	6.1%	5.7%	5.2%	4.9%	4.0%	4.1%	6.2%	2.9%

Source: CAFR Schedule B-2

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Transportation</u>	<u>Child</u> <u>Assault</u> <u>Prevention</u>	<u>Rentals</u>	<u>Grants/</u> <u>Donations</u>	<u>Shared</u> <u>Services</u> <u>Contract</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2000	\$ 67,896	\$ 2,532	\$ 2,991	\$ 556	\$ 17,660	\$ 4,973	\$ 20,460	\$ 2,538	\$ 62,294	\$ 181,900
2001	40,305	41,056			29,605	998	24,727		63,688	200,379
2002	6,819	671			24,605	15,711			41,386	89,192
2003	10,736				26,455				8,759	45,950
2004	17,300	24,296			17,730	900		16,006	4,653	80,885
2005	28,888	422	80		30,550	70		12,737	7,041	79,788
2006	64,178	426			21,218	2,619		12,747	798	101,986
2007	94,543	5,344			21,718				2,520	124,125
2008	64,049	6,703			27,930				34,348	133,030
2009	14,868	12,983			17,900			95,743	671	142,165

SOURCE: District Records

**Great Meadows Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Independence Township**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2000	\$10,713,300	\$251,171,500	\$11,017,700	\$2,118,630	\$13,454,300	\$1,860,000	\$10,970,200	\$326,311,535	\$23,454,200	\$1,551,705	\$302,857,335	\$1.370	\$309,806,332
2001	10,454,100	259,104,000	11,287,800	2,101,080	12,960,200	1,874,000	10,970,200	332,253,480	23,502,100	1,549,230	308,751,380	\$1.430	322,021,194
2002	8,709,000	269,483,200	11,877,800	2,091,680	12,886,400	2,003,100	10,747,700	342,832,372	23,502,100	1,531,392	319,330,272	\$1.640	348,910,747
2003	7,607,100	276,503,500	11,993,100	2,275,460	12,727,500	2,003,100	10,747,700	349,383,353	24,059,200	1,466,693	325,324,153	\$1.690	384,890,357
2004	6,506,700	281,747,200	13,371,700	2,297,090	12,570,000	2,003,100	10,921,700	355,252,853	24,431,700	1,403,663	330,821,153	\$1.850	440,695,626
2005	6,872,900	284,396,000	13,945,500	2,247,400	14,611,900	2,003,100	10,921,700	360,754,309	24,597,100	1,158,709	336,157,209	\$1.890	506,757,028
2006	15,253,200	585,789,800	28,080,800	2,147,442	28,825,700	3,947,300	16,364,300	714,499,374	32,403,400	1,687,432	682,095,974	\$0.988	574,120,942
2007	14,028,100	592,669,400	28,001,500	2,142,034	28,358,100	3,947,300	16,364,300	719,847,088	32,815,400	1,520,954	687,031,688	\$1.044	655,984,406
2008	13,043,100	595,614,900	27,898,000	2,082,644	28,206,800	3,861,200	15,911,600	723,071,110	34,999,100	1,453,766	688,072,010	\$1.076	728,072,001
2009	13,292,260	598,075,100	27,881,900	2,078,833	30,133,000	3,861,200	15,564,300	727,421,025	35,054,300	1,480,132	692,366,725	\$1.068	762,110,820

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Great Meadows Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Liberty Township**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2000	\$8,034,400	\$124,083,300	\$10,673,600	\$749,450	\$6,011,800	\$0	\$457,400	\$159,940,992	\$9,261,500	\$669,542	\$150,679,492	\$1.550	\$158,938,727
2001	7,304,600	127,341,500	11,367,900	762,190	6,088,900	-	457,400	162,801,590	9,479,100	680,710	153,322,490	\$1.600	175,075,652
2002	6,164,000	129,948,300	11,727,300	945,390	6,203,200	-	0	166,280,825	10,633,200	659,435	155,647,625	\$1.820	177,075,588
2003	5,807,500	132,711,200	12,327,500	951,660	6,203,200	-	0	169,398,839	10,782,600	615,179	158,616,239	\$1.920	206,348,518
2004	6,114,200	216,645,200	19,863,900	879,270	7,796,000	-	0	267,977,636	15,815,100	863,966	252,162,536	\$1.420	237,612,112
2005	7,253,900	218,317,900	20,033,400	904,920	7,749,600	-	0	271,078,663	15,974,300	844,643	255,104,363	\$1.500	241,718,081
2006	7,579,800	220,888,500	21,503,700	945,690	7,898,700	-	308,800	277,409,344	17,497,000	787,154	259,912,344	\$1.534	276,819,418
2007	8,836,600	224,511,600	22,482,800	742,000	7,416,700	-	308,800	283,738,648	18,662,700	777,448	265,075,948	\$1.608	317,185,246
2008	7,023,700	227,954,600	23,316,700	729,400	6,968,400	-	308,800	285,803,171	18,747,600	753,971	267,055,571	\$1.735	345,148,619
2009	6,926,400	230,138,600	24,366,400	722,800	6,968,400	-	308,800	289,017,957	19,008,200	578,357	270,009,757	\$1.673	377,814,149

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Great Meadows Regional School District
Direct and Overlapping Property Tax Rates - Independence Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Great Meadows Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General		Independence Township	Library	Warren County	
		Obligation	Debt Service ^b				
2000	\$1.177	\$0.193	\$1.370	\$0.320	\$0.065	\$0.745	\$2.500
2001	\$1.243	\$0.187	\$1.430	\$0.340	\$0.068	\$0.762	\$2.600
2002	\$1.442	\$0.198	\$1.640	\$0.360	\$0.072	\$0.778	\$2.850
2003	\$1.507	\$0.183	\$1.690	\$0.370	\$0.070	\$0.780	\$2.910
2004	\$1.674	\$0.176	\$1.850	\$0.380	\$0.081	\$0.819	\$3.130
2005	\$1.803	\$0.087	\$1.890	\$0.380	\$0.046	\$0.964	\$3.280
2006	\$0.915	\$0.073	\$0.988	\$0.195	\$0.049	\$0.488	\$1.720
2007	\$0.995	\$0.049	\$1.044	\$0.205	\$0.049	\$0.552	\$1.850
2008	\$1.029	\$0.047	\$1.076	\$0.216	\$0.055	\$0.594	\$1.940
2009	\$1.032	\$0.036	\$1.068	\$0.240	\$0.058	\$0.612	\$1.978

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5%, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxal

b Rates for debt service are based on each year's requirements.

**Great Meadows Regional School District
Direct and Overlapping Property Tax Rates - Liberty Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Great Meadows Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Liberty Township	Library	Warren County	
		Service ^b	Total Direct				
2000	\$1.161	\$0.389	\$1.550	\$0.310	\$0.067	\$0.793	\$2.720
2001	\$1.216	\$0.384	\$1.600	\$0.360	\$0.071	\$0.798	\$2.829
2002	\$1.415	\$0.405	\$1.820	\$0.390	\$0.071	\$0.806	\$3.087
2003	\$1.680	\$0.240	\$1.920	\$0.410	\$0.045	\$0.805	\$3.180
2004	\$1.188	\$0.232	\$1.420	\$0.270	\$0.050	\$0.510	\$2.250
2005	\$1.272	\$0.228	\$1.500	\$0.310	\$0.055	\$0.629	\$2.494
2006	\$1.345	\$0.189	\$1.534	\$0.310	\$0.062	\$0.623	\$2.529
2007	\$1.533	\$0.075	\$1.608	\$0.320	\$0.062	\$0.690	\$2.680
2008	\$1.660	\$0.075	\$1.735	\$0.325	\$0.067	\$0.722	\$2.850
2009	\$1.617	\$0.056	\$1.673	\$0.254	\$0.073	\$0.856	\$2.856

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxal

b Rates for debt service are based on each year's requirements.

**Great Meadows Regional School District
Principal Property Tax Payers- Independence Township,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Towpath Village	\$ 12,100,000	1	1.75%	\$ 8,000,000	1	2.91%
Great Meadows Reg. BOE	10,269,700	2	1.48%			
RAIA Self Storage	4,900,000	3	0.71%	2,599,600	3	0.95%
Axar Properties	4,024,000	4	0.58%	645,500	9	0.23%
Liberty House Partnership	2,663,400	5	0.38%	998,436	5	0.36%
Easter Seal Society	2,535,300	6	0.37%	645,500	10	0.23%
Saloga, LP	1,898,200	7	0.27%			
NUJA Realty Corp.	1,849,100	8	0.27%			
Sts Peter & Paul RCC	1,458,900	9	0.21%			
Ekrem Klobocista	1,210,200	10	0.17%			
United Telephone				759,550	7	0.28%
Bilby Developers				3,293,500	2	1.20%
Stone Mill				1,228,900	4	0.45%
Bell Atlantic				939,384	6	0.34%
First National Bank of Hope				723,500	8	0.26%
Total	\$ 42,908,800		6.20%	\$ 19,833,870		7.21%

Source: District CAFR & Municipal Tax Assessor

**Great Meadows Regional School District
Principal Property Tax Payers- Liberty Township,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Pryslak Farms	\$ 1,528,000	1	0.57%	\$ 1,308,838	1	0.94%
Individual Taxpayer #1	1,148,300	2	0.43%			
Wooded Valley Estate, LLC	1,095,100	3	0.41%	533,250	7	0.38%
Topp Orange, LLC	1,027,600	4	0.38%	735,000	4	0.54%
Rogers, John E., Inc.	815,000	5	0.30%	562,600	6	0.40%
Individual Taxpayer #2	717,600	6	0.00			
Individual Taxpayer #3	672,200	7	0.00			
Individual Taxpayer #4	664,200	8	0.00			
Individual Taxpayer #5	641,300	9	0.24%			
Individual Taxpayer #6	619,800	10	0.23%			
Fromet Properties				871,770	2	0.62%
Pembrook Builders, Inc.				799,400	3	0.57%
Lake Just-It Corp.				566,950	5	0.40%
Mountain View Acres				525,000	8	0.37%
Lisbon Capri				500,000	9	0.35%
Almar A Partnership				351,900	10	0.25%
Total	\$ 8,929,100		3.31%	\$ 6,754,708		4.82%

Source: District CAFR & Municipal Tax Assessor

**Great Meadows Regional School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2000	\$ 5,890,647	\$ 5,890,647	100.00%	-
2001	\$ 6,310,869	\$ 6,310,869	100.00%	-
2002	\$ 7,445,015	\$ 7,445,015	100.00%	-
2003	\$ 7,940,915	\$ 7,940,915	100.00%	-
2004	\$ 9,105,915	\$ 9,105,915	100.00%	-
2005	\$ 9,594,920	\$ 9,594,920	100.00%	-
2006	\$ 10,227,818	\$ 10,227,818	100.00%	-
2007	\$ 10,893,399	\$ 10,893,399	100.00%	-
2008	\$ 11,512,278	\$ 11,493,074	99.83%	\$ 19,204
2009	\$ 11,514,907	\$ 11,514,907	100.00%	\$ -

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note:

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Great Meadows Regional School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2000	\$ 10,978,000	-0-	\$ 100,552	-0-	-0-	\$ 11,078,552	4.32%	\$1,319.66
2001	\$ 10,611,000	-0-	\$ 460,023	-0-	-0-	\$ 11,071,023	3.97%	\$1,298.81
2002	\$ 10,223,000	-0-	\$ 298,216	-0-	-0-	\$ 10,521,216	3.77%	\$1,224.39
2003	\$ 9,835,000	-0-	\$ 204,100	-0-	-0-	\$ 10,039,100	3.49%	\$1,163.82
2004	\$ 9,436,000	-0-	\$ 104,791	-0-	-0-	\$ 9,540,791	3.28%	\$1,107.59
2005	\$ 9,015,000	-0-	-0-	-0-	-0-	\$ 9,015,000	2.99%	\$1,046.19
2006	\$ 8,700,000	-0-	-0-	-0-	-0-	\$ 8,700,000	2.79%	\$1,012.69
2007	\$ 8,320,000	-0-	-0-	-0-	-0-	\$ 8,320,000	2.52%	\$969.58
2008	\$ 7,900,000	-0-	-0-	-0-	-0-	\$ 7,900,000	2.27%	\$917.11
2009	\$ 7,665,000	-0-	-0-	-0-	-0-	\$ 7,665,000	2.20%	\$889.83

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Great Meadows Regional School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years - Independence Township**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2000	\$ 10,978,000	-0-	\$ 10,978,000	3.56%	\$ 1,320
2001	\$ 10,611,000	-0-	\$ 10,611,000	3.32%	\$ 1,299
2002	\$ 10,223,000	-0-	\$ 10,223,000	3.14%	\$ 1,224
2003	\$ 9,835,000	-0-	\$ 9,835,000	2.97%	\$ 1,164
2004	\$ 9,436,000	-0-	\$ 9,436,000	2.81%	\$ 1,108
2005	\$ 9,015,000	-0-	\$ 9,015,000	1.32%	\$ 1,046
2006	\$ 8,700,000	-0-	\$ 8,700,000	1.28%	\$ 1,013
2007	\$ 8,320,000	-0-	\$ 8,320,000	1.28%	\$ 970
2008	\$ 7,900,000	-0-	\$ 7,900,000	1.21%	\$ 917
2009	\$ 7,665,000	-0-	\$ 7,665,000	1.11%	\$ 890

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

* Current data unavailable

**Great Meadows Regional School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years - Liberty Township**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage or Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2000	\$ 10,978,000	-0-	\$ 10,978,000	7.16%	\$ 1,320
2001	\$ 10,611,000	-0-	\$ 10,611,000	6.82%	\$ 1,299
2002	\$ 10,223,000	-0-	\$ 10,223,000	6.45%	\$ 1,224
2003	\$ 9,835,000	-0-	\$ 9,835,000	3.90%	\$ 1,164
2004	\$ 9,436,000	-0-	\$ 9,436,000	3.70%	\$ 1,108
2005	\$ 9,015,000	-0-	\$ 9,015,000	3.47%	\$ 1,046
2006	\$ 8,700,000	-0-	\$ 8,700,000	3.35%	\$ 1,013
2007	\$ 8,320,000	-0-	\$ 8,320,000	3.35%	\$ 970
2008	\$ 7,900,000	-0-	\$ 7,900,000	3.14%	\$ 917
2009	\$ 7,665,000	-0-	\$ 7,665,000	2.84%	\$ 890

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

* Current data unavailable

**Great Meadows Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2009**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Constituent Townships	\$ 3,330,497	100.000%	\$ 3,330,497
Other debt Warren County	\$ 10,000,000	8.104%	<u>810,393</u>
Subtotal, overlapping debt			4,140,890
Great Meadows Regional School District Direct Debt			<u>7,665,000</u>
Total direct and overlapping debt			<u><u>\$ 11,805,890</u></u>

Sources: Constituent Townships Finance Officers, Warren County Finance Office and Utility Authorities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Great Meadows Regional School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2009

	Equalized valuation basis
	2006 \$ 1,065,203,102
	2007 1,126,653,333
	2008 1,107,314,353
	[A] <u>\$ 3,299,170,788</u>
Average equalized valuation of taxable property	[A/3] \$ 1,099,723,596
Debt limit (3 % of average equalization value)	[B] 32,991,708
Net bonded school debt	[C] 7,665,000
Legal debt margin	[B-C] <u>\$ 25,326,708</u>

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$13,690,466	\$14,337,997	\$16,857,488	\$17,094,028	\$19,518,442	\$24,993,389	\$25,245,784	\$28,562,081	\$31,497,485	\$32,991,708
Total net debt applicable to limit	<u>10,978,000</u>	<u>10,611,000</u>	<u>10,223,000</u>	<u>9,833,000</u>	<u>9,436,000</u>	<u>9,015,000</u>	<u>8,700,000</u>	<u>8,320,000</u>	<u>7,900,000</u>	<u>7,665,000</u>
Legal debt margin	<u>\$2,712,466</u>	<u>\$3,726,997</u>	<u>\$6,634,488</u>	<u>\$7,261,028</u>	<u>\$10,082,442</u>	<u>\$15,978,389</u>	<u>\$16,545,784</u>	<u>\$20,242,081</u>	<u>\$23,597,485</u>	<u>\$25,326,708</u>
Total net debt applicable to the limit as a percentage of debt limit	80.19%	74.01%	60.64%	57.52%	48.34%	36.07%	34.46%	29.13%	25.08%	23.23%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Great Meadows Regional School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2000	8,395	\$256,198,610	\$30,518	3.0%
2001	8,524	\$278,700,704	\$32,696 R	3.1%
2002	8,593	\$279,049,082	\$32,474 R	2.5%
2003	8,626	\$287,840,994	\$33,369 R	3.7%
2004	8,614	\$291,084,288	\$33,792 R	8.0%
2005	8,617	\$301,534,681	\$34,993 R	5.9%
2006	8,591	\$311,586,979	\$36,269 R	4.8%
2007	8,581	\$329,896,545	\$38,445 R	2.9%
2008	8,614	\$348,229,564	\$40,426	2.9%
2009	8,614	* \$348,229,564	\$40,426 *	3.9%

Source:

^a Combined Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

* Current figure unavailable

**Great Meadows Regional School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

Employer	2009			2000		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Great Meadows Regional Bd. Of Ed.	150	1	54.55%	130	1	59.09%
Independence Township	60	2		50	2	
Liberty Township	50	3		40	3	
First Hope Bank	15	4				
		5				
		6				
		7				
		8				
		9				
		10				
	<u>275</u>		<u>54.55%</u>	<u>220</u>		<u>59.09%</u>

Source:
Local Employment Information

**Great Meadows Regional School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

	*	*	*							
<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction										
Regular	66	66	66	79	74	72	77	77	77	77
Special education	23	23	23	22	20	23	21	23	23	23
Support Services:										
Student & instruction related services	14	14	14	14	13	21	21	22	22	21
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	8	8	8	8	8	6	6	6	6	6
Other administrative services	2	2	2	3	1	-	1	1	1	1
Central services	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	12	12	12	12	12	13	13	13	13	13
Pupil transportation	3	3	3	2	1	1	1	1	1	1
Total	<u>133</u>	<u>133</u>	<u>133</u>	<u>145</u>	<u>134</u>	<u>141</u>	<u>145</u>	<u>148</u>	<u>148</u>	<u>147</u>

Source: District Personnel Records

* Estimated

Great Meadows Regional School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2000	1,096	12,543,603	11,445	6.59%	94.00	12:1		1,090	1,040	-2.07%	95.33%
2001	1,071	13,319,763	12,437	8.67%	97.00	11:1		1,070	1,023	-1.89%	95.64%
2002	1,078	13,702,783	12,711	2.21%	100.00	11:1		1,075	1,030	0.46%	95.87%
2003	1,067	14,376,668	13,474	6.00%	98.00	11:1		1,060	1,017	-1.36%	96.00%
2004	1,038	15,514,645	14,947	10.93%	100.00	10:1		1,040	999	-1.87%	96.00%
2005	1,011	16,563,014	16,383	9.61%	95.00	11:1		1,004	964	-3.50%	96.00%
2006	989	17,120,133	17,311	5.66%	80.50	12:3		989	983	-1.46%	99.39%
2007	1,018	17,916,446	17,600	1.67%	86.40	12:3		1,005	960	1.62%	95.52%
2008	956	18,858,941	19,727	12.09%	86.40	12:3		955	914	-4.98%	95.71%
2009	961	19,261,592	20,043	1.60%	86.40	11:1		951	912	-0.40%	95.86%

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

* Addition of new middle school

**Great Meadows Regional School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>District Building</u>										
<u>Elementary</u>										
Liberty School (1972)										
Square Feet	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769
Capacity (students)	296	296	296	296	296	296	296	296	296	296
Enrollment	233	208	210	218	208	248	263	274	243	241
Central School (1918)										
Square Feet	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559
Capacity (students)	438	438	438	438	438	438	438	438	438	438
Enrollment	373	365	367	346	320	394	382	377	390	393
<u>Middle School</u>										
Middle School (1998)										
Square Feet	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,448	64,448	64,448
Capacity (students)	564	564	564	564	564	564	564	564	564	564
Enrollment	484	497	497	496	512	362	359	368	323	327

Number of Schools at June 30, 2009
Middle School = 1
Elementary = 2

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

**GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Six Fiscal Years Ending June 30, 2009**

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

<u>School Facilities</u>	<u>Project #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Total</u>
Great Meadows Regional Middle School	040	\$ 67,680	\$ 48,818	\$ 68,245	\$ 59,114	\$ 68,921	\$ 80,240	\$ 71,362	\$ 464,380
Independence Township School	050	25,459	34,459	61,343	53,024	61,821	71,974	64,011	372,090
Liberty Township School	060	27,954	60,304	42,019	36,390	42,427	49,394	43,929	302,417
Total School Facilities		121,093	143,581	171,607	148,528	173,169	201,608	179,302	1,138,888
Other Facilities									
Grand Total		\$ 121,093	\$ 143,581	\$ 171,607	\$ 148,528	\$ 173,169	\$ 201,608	\$ 179,302	\$ 1,138,888

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

**INSURANCE SCHEDULE
6/30/2009
UNAUDITED**

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMMERCIAL PACKAGE POLICY - NJSBA Insurance Group		
Property-Blanket Building and Contents (fund limit)	\$ 11,350,337,221	\$ 5,000
Automobile Physical Damage	In Blanket Limit	1,000
Builder's Risk	Not Covered	1,000
Fine Arts	Not Covered	1,000
COMPUTERS AND SCHEDULED EQUIPMENT - NJSBA Insurance Group		
Data Processing Equipment	475,000	1,000
LIABILITY - NJSBA Insurance Group		
Comprehensive General Liability	11,000,000	None
Automobile Liability	11,000,000	1,000
Employee Benefit Liability	11,000,000	1,000
SCHOOL BOARD LEGAL LIABILITY - NJSBA Insurance Group		
Limit of Liability	110,000,000	5,000
CRIME - Selective Insurance Co.		
Blanket Employee Dishonesty	100,000	500
Forgery	50,000	500
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE BLANKET POSITION BOND-Selective Insurance Company		
Blanket Employee Limit	5,000	
Treasurer	205,000	
Board Secretary	35,000	

SOURCE: District Records

Single Audit Section



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 Douglas R. Williams, CPA, RMA, PSA
 Anthony F. Ardito, PA, RMA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

Honorable President and
 Members of the Board of Education
 Great Meadows Regional School District
 County of Warren
 Great Meadows, New Jersey 07838

We have audited the financial statements of the Board of Education of the Great Meadows Regional School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated August 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Great Meadows Regional School Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Great Meadows Regional School Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Great Meadows Regional School Board of Education's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

-Continued-

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Great Meadows Regional School District Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Great Meadows Regional School District Board of Education, the New Jersey State Department of Education, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: August 31, 2009



ARDITO & Co., LLP

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 Anthony F. Ardito, PA, RMA, PSA

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
 MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
 IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and
 Members of the Board of Education
 Great Meadows Regional School District
 County of Warren
 Great Meadows, New Jersey 07838

Compliance

We have audited the compliance of the Great Meadows Regional School District in the County of Warren, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the fiscal year ended June 30, 2009. The Great Meadows Regional School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Great Meadows Regional School District Board of Education's management. Our responsibility is to express an opinion on the Great Meadows Regional School District Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the Great Meadows Regional School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Great Meadows Regional School District Board of Education's compliance with those requirements.

-Continued-

In our opinion the Board of Education of the Great Meadows Regional School District, in the County of Warren, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2009.

Internal Control Over Financial Reporting

The management of the Board of Education of the Great Meadows Regional School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Great Meadows Regional School Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Great meadows Regional School Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The Great Meadows Regional School Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Great Meadows Regional School District Board of Education, the New Jersey State Department of Education, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: August 31, 2009

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 for the Fiscal Year Ended June 30, 2009

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/08	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2009			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
STATE DEPARTMENT OF EDUCATION															
General Fund:															
Equalization Aid	09-495-034-5120-078	7/1/08-6/30/09	\$ 4,595,979			\$ 4,595,979	\$ (4,595,979)							* \$ 455,307	\$ 4,595,979
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	610,946			610,946	(610,946)							* 60,055	610,946
Special Education Aid	09-495-034-5120-089	7/1/08-6/30/09	702,964			702,964	(702,964)							* 69,100	702,964
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	97,086			97,086	(97,086)							* 9,543	97,086
Adjustment Aid	09-495-034-5120-0085	7/1/08-6/30/09	371,239			367,656	(371,239)			\$ (3,583)				* 36,139	371,239
Extra-Ordinary Aid	09-495-034-5120-044	7/1/08-6/30/09	19,760				(19,760)			(19,760)				* 19,760	
Extra-Ordinary Aid	08-495-034-5120-044	7/1/07-6/30/08		\$ (22,113)		22,113								* 11,331	
Non-Public Transportation Aid	08-100-034-5120-068	7/1/07-6/30/08	11,331			11,331	(11,331)							* 384,502	11,331
Reimbursed TPAF Pension Contrib.	09-495-034-5095-001	7/1/08-6/30/09	384,502			384,502	(384,502)							* 458,223	384,502
Reimbursed TPAF Soc. Secur. Contrib.	09-495-034-5095-002	7/1/08-6/30/09	458,223			458,223	(458,223)							* 630,144	458,223
Total General Fund				(22,113)		7,250,800	(7,252,030)	-		(23,343)				* 2,154	7,252,030
Special Revenue Fund:															
Professional Standards Grant	N/A	7/1/08-6/30/09		(546)			(154)			(700)		-		* 154	
Rebel Grant	N/A	7/1/08-6/30/09	1,000	2,070		1,000	(2,000)					1,070		* 2,000	
Total Special Revenue Fund				1,524	-	1,000	(2,154)	-		(700)		1,070		* 2,154	
Debt Service Fund:															
Debt Service Aid Type 2	09-100-034-5120-124	7/1/08-6/30/09	170,934			170,934	(170,934)							* 170,934	
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	08-100-010-3350-023	7/1/07-6/30/08		(210)		171								* 3,368	
Nat. School Lunch Prog. (State Share)	09-100-010-3350-023	7/1/08-6/30/09	3,368			3,140	(3,368)			(228)				* 3,368	
Total Enterprise Fund				(210)		3,311	(3,368)			(228)				* 3,368	
TOTAL STATE FINANCIAL ASSISTANCE				\$ (20,799)		\$ 7,426,045	\$ (7,428,486)	\$ -		\$ (24,271)		\$ 1,070		\$ 630,144	\$ 7,428,486

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2009

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Great Meadows Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$320,159) for the general fund and \$(11,705) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2009

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,931,871	\$ 6,931,871
Special Revenue Fund	\$ 331,977	2,153	334,130
Debt Service Fund		170,934	170,934
Food Service Fund	<u>54,152</u>	<u>3,368</u>	<u>57,520</u>
Total Financial Assistance	<u>\$ 386,129</u>	<u>\$ 7,108,326</u>	<u>\$ 7,494,455</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2009. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2009.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified

- B) Internal control over financial reporting:
 - 1) Material weakness(es) identified? __ Yes x No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? __ Yes
x None
Reported

- C) Noncompliance material to financial statements noted? __ Yes x No

Federal Awards Section

N/A

- D) Dollar threshold used to determine Type A programs: \$300,000

- E) Auditee qualified as low-risk auditee? __ Yes __ No

- F) Type of auditor's report on compliance for major programs: Unqualified

- G) Internal Control over compliance:
 - 1) Material weakness(es) identified? __ Yes __ No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? __ Yes __ No

- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? __ Yes __ No

- I) Identification of major programs:

CFDA NUMBER(S)

NAME OF FEDERAL PROGRAM OR CLUSTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Part I - Summary of Auditor's Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes no N/A
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
 1) Material weakness(es) identified? yes x no N/A
 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? yes x no
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

<u>09-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>09-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>09-495-034-5120-089</u>	<u>Equalization Aid</u>
<u>09-495-034-5120-0085</u>	<u>Adjustment Aid</u>
<u>09-495-034-5095-002</u>	<u>Reimbursed TPAF Soc. Sec. Contrib.</u>
	<u> </u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section II-Financial Statement Findings

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

Section III - State Financial Assistance Findings and Questioned Costs

STATE FINANCIAL ASSISTANCE-There were no state financial assistance findings or questioned costs noted, that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were prior year recommendations.

